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The Phnom Penh Report: National Landscape, Current Challenges and Opportunities for Growth

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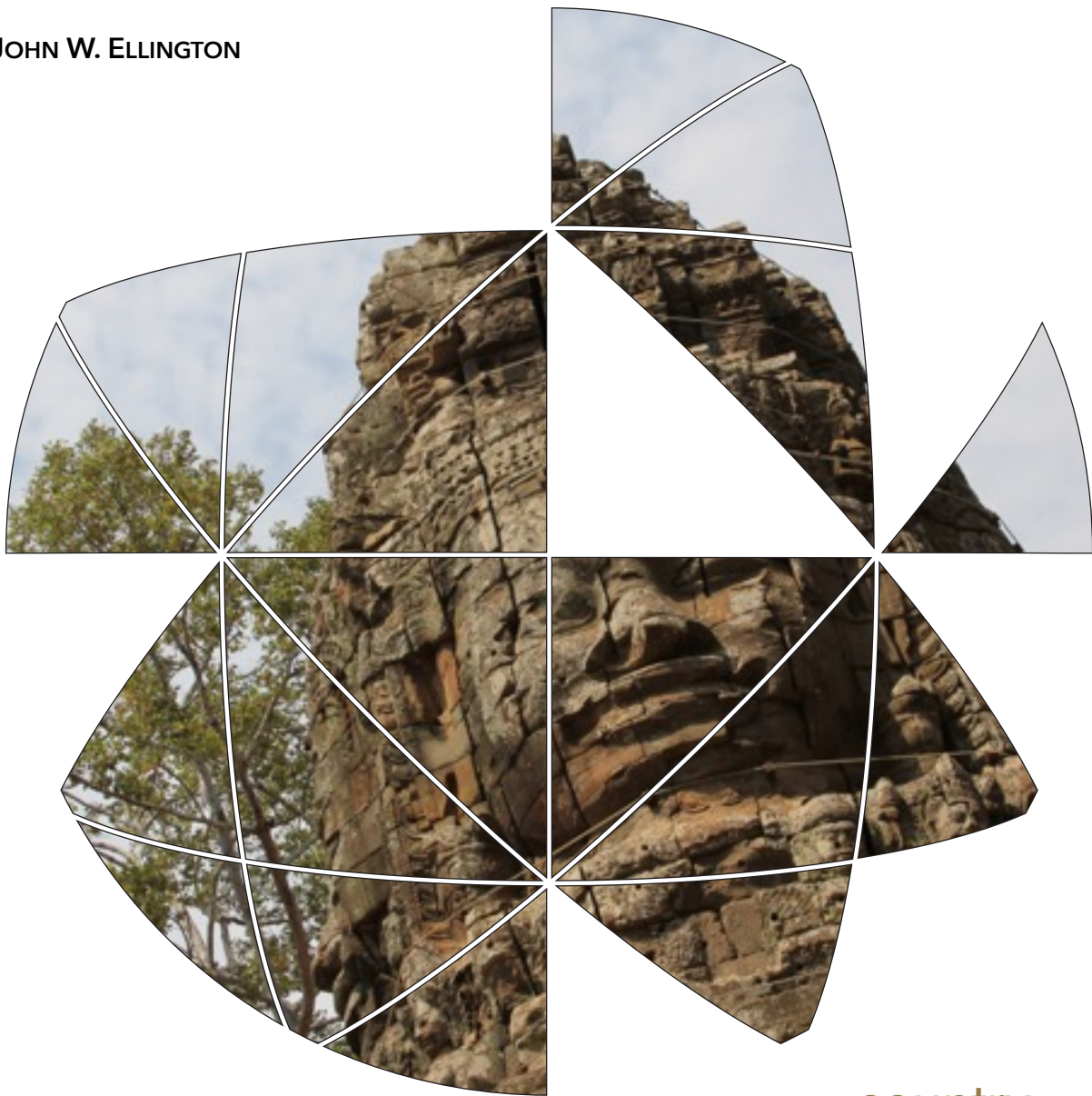
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The Phnom Penh Report

National Landscape, Current Challenges and
Opportunities for Growth

BY JOHN W. ELLINGTON



[FOR INTERNAL CIRCULATION ONLY]

country
INSIGHTS
labs

About the Institute for Societal Leadership

The Institute for Societal Leadership (ISL) was established by Singapore Management University (SMU) in 2014. ISL aims to tangibly improve the lives of Southeast Asia's citizens by acting as a focal point for cross-sector collaboration between current leaders from government, business, civil society, academia and the media. The Institute also conducts research concerning social issues in Southeast Asia and designs its own suite of leadership training programmes, each of which seeks to foster the development of a new generation of Asian leaders dedicated to serving society.

About the Phnom Penh Report

The ISL research team conducted interviews in Phnom Penh between 17-19 August 2014. This report was first published on 30 October 2014.

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I. Acronyms

BOT	Build - Operate - Transfer
BPO	Business Process Outsourcing
CIL	Country Insights Lab
CNRP	Cambodia National Rescue Party
CPP	Cambodia People's Party
CSES	Cambodia Socio-Economic Survey
CSO	Civil Society Organisation
FUNCINPEC	Front Uni National pour un Cambodge Indépendant, Neutre, Pacifique et Coopératif
ISL	Institute for Societal Leadership
KPNLF	Khmer People's National Liberation Front
MFI	Microfinance Institution
NEC	National Election Committee
ODA	Official Development Assistance
SIO	Social Impact Organisation
SMU	Singapore Management University
SOC	State of Cambodia
UN	United Nations
UNTAC	United Nations Transition Authority in Cambodia

II. Acknowledgements

I would like to acknowledge several individuals who made significant contributions to the Cambodia Insights Lab. William Mok provided starting advice and connected the research team with its initial interviewees in Phnom Penh. I would also like to extend my gratitude to Deelan Ayhan, who brought a dynamic group of Princeton-in-Asia Fellows to the Institute roundtable. Finally, the advice I received from my colleagues at the Institute proved invaluable, in particular that from Lim Lai Cheng, Tony Lai and Martin Tan. Above all, I am thankful to the people and organisations who have contributed to the Cambodia Insights Lab through interviews before, during and after our research trips; their organisations are listed at the end of this report.

III. About the Country Insights Lab Series

The Institute for Societal Leadership conducted a series of eleven *Country Insights Labs (CILs)* in select Southeast Asian cities between June 2014 and June 2015. Each CIL aimed to uncover the critical social and environmental issues facing leaders from business, government and civil society in a given country and frame the underlying causes behind each issue within the country's context. The study identified emerging trends in Southeast Asia and has since directed further research toward interconnected social and environmental issues shared among countries in the region.

Additionally, ISL research staff investigated the day-to-day organisational challenges faced by *social impact organisations (SIOs)* in each Southeast Asian country. We broadly defined an SIO as any organisation with *the capacity to contribute to the betterment of communities*. These included, but were not limited to, philanthropic organisations, corporate foundations, non-governmental organisations (NGOs), activist groups, social enterprises and impact investors. Interviews focussed on challenges associated with funding models, human resources, tax incentives, legal frameworks and government registration processes. In total, research staff interviewed 237 organisations and 293 individuals, including government officials, business leaders, philanthropists, NGO workers, social entrepreneurs, media professionals and academics. The interviews themselves consisted of questions relating to organisational history, operations, strategic outlook, cross-sector collaboration, leadership and country context.¹

The Institute did not intend the CIL series to be exhaustive or to produce statistically significant data. On the contrary, the series was a qualitative study that employed interviews and market insights as a means of understanding an increasingly complex landscape. As one of the world's most diverse regions, Southeast Asia is home to an array of cultures, languages, religions and economic levels of development. At the cornerstone of each country study is a belief that workable solutions and partnerships depend on an awareness of how each country's unique context relates to its social issues.

The ISL research team conducted interviews in Phnom Penh between 17-19 August 2014.

¹ For a list of sample questions, see section VI.

IV. Cambodia

A. Historical Background

Once a relatively sleepy agrarian kingdom, Cambodia has experienced some of the most horrific violence since the close of the Second World War. Between 1970 and 1999, the country was the victim of both a brutal civil war as well wider regional conflicts. The *Khmer Rouge* seizure of power in 1975 brought four years of forced collectivisation and mass killings that have haunted the Cambodian psyche ever since.² The decade of Vietnamese occupation that followed only further exacerbated the country's massive humanitarian problems. When the United Nations Transitional Authority in Cambodia (UNTAC) exited after elections in 1993, it left behind a country with less-than-stable political institutions, an unresolved history of mass violence and a chronic dependence on large infusions of foreign aid.

Although Prince Norodom Sihanouk presided over a period of economic prosperity after Cambodia shed its status as a French protectorate in 1953, his policies of "extreme neutrality" increasingly alienated erstwhile allies while creating room for an insurgency at home. Sihanouk's unrelenting suppression of leftwing newspapers and his police force's antidemocratic crackdowns in the Cambodian countryside radicalised many of Phnom Penh's French-educated elite and sent them into the jungle, where the future leaders of the *Khmer Rouge* made contact with the *Viet Minh* and *Pathet Lao*. At the same time, the prince failed to steer his country clear of the Second Indochina War being waged next door in Vietnam and Laos. His 1963 rejection of U.S. military aid and subsequent alliances with Maoist China and North Vietnam spurred the rightwing elements in the royalist government to stage a military coup and establish a U.S.-friendly Khmer Republic under Marshal Lon Nol in 1970.

Most readers are familiar with the horrors perpetrated by the *Khmer Rouge*. After seizing control of Phnom Penh from Lon Nol's government in 1975, Pol Pot's regime systematically killed approximately 1.7 million people, or 21 percent of the country's population.³ The *Khmer Rouge* also dismantled the country's largely-agrarian economy, leading to widespread famine and shortages. Revolutionary fighters herded the entire population of Phnom Penh into the countryside, where they were organised into labour camps and forced to work 12-hour days. Teachers, businesspeople and other educated professionals were often executed on the spot.

The Vietnamese army dislodged the *Khmer Rouge* from Phnom Penh at the start of 1979, but U.S. and Chinese opposition to the Vietnamese precluded badly-needed international aid from entering Cambodia throughout the 1980s. The Cambodian-Vietnamese conflict precipitated an international refugee crisis as Cambodians fled in droves to the Thai border. Fighting dragged on, with the Vietnamese-backed State of Cambodia (SOC) arrayed against the remnants of the *Khmer Rouge*, the republican *Khmer People's National Liberation Front* (KPNLF) and the royalist *Front uni national pour un Cambodge indépendant, neutre, pacifique et coopératif* (FUNCINPEC). Cambodia's situation demanded outside help, but Cold War geopolitics prevented the international community from reaching a viable solution until the Vietnamese, facing shrinking Soviet aid and a collapsing economy at home, withdrew in 1989.

UNTAC, the brainchild of the 1991 Paris Peace Accords, was the largest international peacebuilding endeavour to-date, but it only achieved limited results. The UN poured more than US\$1.6 billion into Cambodia with the goal of disarming rebel groups and engineering fair elections in 1993. UNTAC personnel included nearly 16,000 international soldiers, 3,500 police, 6,000 in-

² For a thorough overview of the origin, crimes and aftermath of Khmer Rouge rule, see Elizabeth Becker, *When the War Was Over: Cambodia and the Khmer Rouge Revolution* (New York: Public Affairs, 1998).

³ 'Cambodian Genocide Project,' accessed 22 October 2014, <http://www.yale.edu/cgp/>.

Cambodia By Numbers

Official Name:	Kingdom of Cambodia (1993–present)
Capital:	Phnom Penh
Area:	183,035 sq km
Population:	15.46 million (country); 1.55 million (Phnom Penh)
Ethnic Groups:	Khmer (90%), Vietnamese (5%) Chinese (1%), Other (4%)
Religion:	Buddhist (96.9%), Muslim (1.9%), Christian (0.4%) Other (0.8%)
Language:	Khmer (official), but minority ethnic groups speak their own languages
Currency:	Cambodian Riel
GDP (PPP):	US\$39.63 billion [2013 est.]
GDP Per Capita (PPP):	US\$2,600 [2013 est.; 2nd lowest in Southeast Asia]
GDP Real Growth Rate:	7% [2013 est.]
Labour Force:	Agriculture (55.8%), Industry (16.9%), Services (27.3%)
Literacy:	73.9% (whole); 82.8% (male); 65.9% (female)
Life Expectancy:	63.78 years (whole); 61.35 years (male); 66.32 years (female) [2014 est., 2 nd lowest in Southeast Asia]

Source: CIA World Factbook (www.cia.gov/library/publications/the-world-factbook/)

ternational professionals and 400 UN volunteers. The operation also recruited 2,500 interpreters, 4,000 electoral officers and 50,000 polling staff within Cambodia.⁴ Although UNTAC was successful in repatriating the over 370,000 refugees who had been living in camps on the Thai border for well over a decade, it failed to demobilise the two largest military forces in the country.⁵ Up to, during and after the May 1993 elections, SOC and *Khmer Rouge* soldiers continued to wage civil war against each other.

The elections were themselves overwhelmingly successful, but did not lead to a lasting Cambodian democracy. FUNCINPEC candidate Prince Norodom Ranariddh was declared the winner with 45 percent of the vote, but incumbent Prime Minister Hun Sen and his Cambodian People's Party (CPP) refused to cede power, leading to a joint government with the two men sharing the prime ministership.⁶ In 1997, after fighting broke out between the two factions, Hun Sen seized power from Prince Ranariddh with the backing of

⁴ Jeni Whalan, 'Evaluating Peace Operations: The Case of Cambodia', *Journal of International Peacekeeping* 16 (2012), 228–29.

⁵ Ibid., 247.

⁶ Ibid., 239.

the military and re-instituted CPP hegemony, which has lasted to this day.

B. Current Challenges

❖ **Persistent poverty in rural districts.** Cambodia's economy at large has posted average growth as compared to other ASEAN countries, but declining human development indicators and persistent rural poverty still remain an unfortunate reality for millions of Cambodians. Between 1993 and 2010, per capita GDP more than doubled, but poverty rates continued to hover around 30 percent in 2007.⁷ Cambodia's infant and child mortality rates are currently the highest in the region. In 1990, 8 percent of infants died in their first year. By 2001, that number had increased to 9.7 percent. Child mortality under five also climbed steadily from 11.5 percent in 1990 to 14 percent in 2001.⁸

Although the tourism and garment industries have generated recent economic growth in urban areas, particularly Phnom Penh and Siem Reap, rural Cambodians are still overwhelmingly poor and lack access to alternative sources of income. The Cambodia Socio-Economic Survey estimates that as many as 34 percent of rural Cambodians live below the poverty line. Rural Cambodians have significantly lower life expectancies and higher infant and maternal mortality rates than those residing in Phnom Penh.⁹

Rural communities are largely poor because they lack access to roads, markets and irrigation systems. A weak education system in the countryside also leaves rural Cambodians with little to no alternatives to agricultural work. With an estimated three-fifths of the Cambodian labour force engaged in farming activities, an oversupply of agricultural workers keeps wages at rock bottom.¹⁰

❖ **An absence of rule of law fuelling inequitable and unsustainable growth.** Cambodia's economy has consistently grown by seven percent annually in the last decade, but inability to hold companies and government officials accountable has prevented the country from achieving equitable and sustainable growth. Increased Chinese demand for agricultural products such as rubber has resulted in skyrocketing property prices in key rural areas, providing incentive for unscrupulous government officials to sell off tracts of land to foreign conglomerates. In spite of a government moratorium on Economic Land Concessions (ELCs) to agricultural conglomerates, local officials continue to appropriate land, at times violently, from residents. Meanwhile, Cambodia's burgeoning textile industry, buoyed by increased demand from Western countries, has failed to keep up with international labour standards. Swedish clothing manufacturer H&M recently disclosed that one-third of its Cambodian suppliers had strikes or mass-fainting incidents on-site. Textiles workers are paid low wages, work long hours and are often the target of police intimidation.¹¹

A number of hydropower and logging projects also threaten to do irreversible damage to Cambodia's native ecosystems. With the backing of Chinese provider Sinopower, the Cambodian government plans to build a network of 17 hydropower dams that will provide power to several countries in the Greater Mekong Subregion. Keeping in mind that Cambodia is in dire need of infrastructure improvements, these hydropower projects nonetheless threaten to displace tens of thousands of people and destroy the forests upon which they draw their livelihoods. Finally, illegal clearing, at the hands of both large agricultural conglomerates and poor rural families, threatens to destroy Cambodia's approximately 10 million

⁷ Jeni Whalan, 'Evaluating Peace Operations: The Case of Cambodia', 244.

⁸ Sophal Ear, 'The Political Economy of Aid and Governance in Cambodia', *Asian Journal of Political Science* 15.1 (April 2007), 76.

⁹ Anders Engvall et al., 'Poverty in Rural Cambodia: The Differentiated Impact of Linkages, Inputs, and Access to Land', *Asian Economic Papers* 7.2 (May 2008), 78-79.

¹⁰ Anders Engvall et al., 'Poverty in Rural Cambodia', 76.

¹¹ Khatharya Um, 'Cambodia in 2013: The Winds of Change', *Southeast Asian Affairs* (2014), 104-107

hectares of forest. Cambodia lost 22 percent of its forest cover between 1973 and 2009.¹²

❖ **The UNTAC legacy and a continued perception of Cambodia as a charity case.** UNTAC's presence in Cambodia between 1992 and 1993 brought a modicum of stability to the country, but the country has been largely dependent on regular infusions of foreign aid to run day-to-day operations ever since. Between 1993 and 2003, Cambodia received US\$5 billion in Official Development Assistance (ODA) from foreign governments, amounting to 13% of GDP annually. In 2007, foreign aid made up half the national budget.¹³ Cambodia is one of the few countries in the world where the nonprofit sector threatens to outcompete the private and public sectors. The relatively high salaries offered by foreign NGOs draw the nation's talented young graduates into the nonprofit field at the expense of local business and government. Meanwhile, government officials are paid low salaries, fuelling corruption and inefficiencies. NGOs have become a fixture in both Phnom Penh and the countryside, running educational, health, social and infrastructure services that would ordinarily be the purview of the government. With business development sparse at present, it seems unlikely that Cambodia can transition to self-sufficiency in the near future.

International focus on certain causes célèbres, especially sex trafficking and orphans, has diverted crucially needed resources and attention away from addressing the root causes of Cambodia's myriad social and environmental problems. In recent years, foreign tourists visiting Cambodia have increasingly volunteered at one of the hundreds of orphanages dotting the country. According to UNICEF, only 23 percent of children in

these orphanages have no living parents. Some Cambodian orphanage owners are exploiting children from poor families to reap large sums from foreign tourists.¹⁴

The September 2014 closure of the internationally-acclaimed Somaly Mam Foundation also brought to light several issues surrounding the country's extensive network of anti-trafficking organisations and NGO practices in general. A *Newsweek* article by Simon Marks printed five months prior to the closure presented evidence that activist Somaly Mam had fabricated her own story of forced prostitution as well as the stories of several alleged victims.¹⁵ Advocacy and lobbying efforts by foreign and local anti-trafficking NGOs resulted in legislation that conflates sex work with sex trafficking, leaving Cambodian sex workers open to abuse by police.¹⁶ These same organisations have routinely produced numbers without clear origins in order to drum up overseas donations. Independent analysis in 2008 by statistician Thomas Steinfatt placed the number of potentially trafficked sex workers in Cambodia at only 1,058, or four percent of the 27,925 sex workers in the country.¹⁷ Meanwhile, the aggressive and unethical practices of a select few NGOs threaten to discredit the entire sector.

❖ **Stalled elections and protests.** The July 2013 national elections were marred by intimidation of opposition candidates, suppression of independent media and alleged fraud on the part of the ruling CPP. Over 1.2 million voters from traditional opposition strongholds were reportedly missing from voter registration lists, and the government issued an estimated 500,000 temporary identity certificates that could potentially have been used to shore up its own weaknesses where necessary.

¹² *Ecosystems in the Greater Mekong: Past trends, current status, possible futures* (Gland, Switzerland: WWF - World Wildlife Fund for Nature, 2013), accessed 22 October 2014, http://cambodia.panda.org/news_cambodia/publications/?208456/Ecosystems-in-the-Greater-Mekong-past-trends-current-status-possible-futures.

¹³ Sophal Ear, 'The Political Economy of Aid and Governance in Cambodia', 74.

¹⁴ *Residential Care in Cambodia* (New York: UNICEF, 2011), accessed 22 October 2014, http://www.unicef.org/cambodia/Fact_sheet_-_residential_care_Cambodia.pdf.

¹⁵ Simon Marks, 'Somaly Mam: The Holy Saint (and Sinner) of Sex Trafficking', *Newsweek*, 21 May 2014, accessed 22 October 2014, <http://www.newsweek.com/2014/05/30/somaly-mam-holy-saint-and-sinner-sex-trafficking-251642.html>.

¹⁶ Chenda Keo, 'Human Trafficking and Moral Panic in Cambodia', *The Annals of the American Academy of Political and Social Science* (2014), 204.

¹⁷ Thomas M. Steinfatt, 'Sex trafficking in Cambodia: fabricated numbers versus empirical evidence', *Crime, Law and Social Change* 56 (2011), 458.

The opposition Cambodia National Rescue Party (CNRP), in spite of winning an unprecedented 55 seats in the National Assembly, boycotted the results while demanding that the government dismantle the National Election Commission (NEC). NEC members had been appointed by the CPP-backed Ministry of the Interior.¹⁸

The ensuing CNRP protests have resulted in a number of violent government crackdowns. On 15, 20 and 22 September 2013, government security forces broke up protestors using live ammunition, killing one activist and injuring at least 44 others. On 12 November 2013, police shot and killed one protestor and wounded nine others at a pro-opposition workers' strike.¹⁹

❖ *Delays and political complications with the Khmer Rouge Tribunal.* The Khmer Rouge Tribunal, officially the Extraordinary Chambers of the Courts of Cambodia (ECCC), was established in 2006 with UN assistance in order to provide a measure of justice and reconciliation for the victims of the *Khmer Rouge*, but it has experienced a number of delays as well as political interference from the ruling CPP. The court has a mandate to prosecute senior leaders of the Khmer Rouge and those most responsible for crimes committed between 17 April 1975 and 6 January 1979. *Khmer Rouge* leaders stand accused of torture, murder, religious persecution, genocide, crimes against humanity, grave breaches of the 1949 Geneva Conventions, destruction of cultural property and crimes against internationally protected people under the 1961 Vienna Convention on Diplomatic Relations.

The tribunal has already produced guilty verdicts regarding Kaing Guek Eav, who was responsible for the deaths of 12,000 inmates at S-21 prison, Nuon Chea and Khieu Samphan.²⁰ However, it has also come under heavy criticism from

both the international community and the Cambodian opposition. Prime Minister Hun Sen has obstructed the tribunal from raising any additional cases, arguing that prosecution against mid-level *Khmer Rouge* commanders could lead to renewed civil war. Several CPP officials, including Prime Minister Hun Sen himself, were mid-level officers in the *Khmer Rouge* before defecting to the Vietnamese.²¹ Finally, international donors have raised concerns about spending and waste. Between 2006 and 2013, the court had total expenditures of US\$204.6 million.

C. Insights from the Phnom Penh Lab

❖ *Cambodia is trapped in a cycle of dependency, but foreign aid workers are becoming increasingly unwelcome in Phnom Penh.*

There are currently more than 3,500 NGOs in Cambodia, many with headquarters in Phnom Penh. This means there is one NGO per every 10,000 Cambodians, the second-highest number of NGOs per capita globally after Rwanda.²² One corporate professional interviewed went as far as to refer to Phnom Penh as "NGO City."

International NGOs provide education and healthcare in lieu of governments that are unable to offer basic services to large swathes of their populations. However, services funded or subsidised by outside money should by no means become permanent solutions. Without adequate build-operate-transfer (BOT) models in practice in Cambodia, there are no incentives for the government (and no opportunities for local businesses) to replace foreign organisations.

Cambodian NGOs are often focused on meeting the basic needs of the bottom twenty percent of the population. As one corporate professional put it, "NGOs are only focused on the lower classes.

¹⁸ Khatharya Um, 'Cambodia in 2013: The Winds of Change', 100-102.

¹⁹ Human Rights Watch, *World Report 2014* (New York: Seven Stories Press, 2014), 313-14, accessed 22 October 2014, http://www.hrw.org/sites/default/files/wr2014_web_0.pdf.

²⁰ Seth Mydons, 'A survivor documents Cambodia's nightmare', *New York times*, 4 September 2006, accessed 22 October 2014, <http://www.nytimes.com/2006/09/04/world/asia/04iht-profile.2691973.html?scp=2&sq=Mydans%20Youk%20Chhang&st=cse>.

²¹ Kheang Un, 'The Khmer Rouge Tribunal: A Politically Compromised Search for Justice', *The Journal of Asian Studies* 72 (November 2013), 785.

²² Helena Domashneva, 'NGOs in Cambodia: It's Complicated', *The Diplomat*, 3 December 2013, accessed 22 October 2014, <http://thediplomat.com/2013/12/ngos-in-cambodia-its-complicated/>.

They only meet basic needs without actually developing the country.” In order for foreign aid organisations to complete their mission and exit, it is also necessary that they develop and train a generation of Cambodian professionals who can grow their country’s economy, man a robust and effective government and provide social services supported by domestic funds.

Finally, educated Cambodians increasingly perceive foreign NGO workers as over-stayers who are capitalising on donor funding to enjoy a comfortable life in Phnom Penh. At the heart of this is a clash of cultures between the conservative Cambodian establishment and the more free-wheeling ways of expatriates. Several Cambodians interviewed complained about the expatriate foreign aid workers they had met. The recent scandal surrounding the Somaly Mam Foundation has not helped the image of NGOs as do-gooders either. One government official interviewed insisted that the “NGOs need to retire.”

❖ Monitoring and evaluation procedures attached to international grants stifle innovative solutions, but they also encourage NGOs to incorporate more sustainable practices.

Much of the aid Cambodians receive from foreign donors and their local affiliates does not target the root causes of the country’s problems. Dollars from international foundations often come with strict monitoring and evaluation requirements that effectively bar them from being used in experimental aid programmes. New approaches that fail to deliver results could potentially give foreign philanthropic foundations reason to pull annual funding from an NGO.

By developing self-sustaining social business models, many NGOs are aiming to procure more “unrestricted” funds, which can be spent as the NGO sees fit. While maintaining their current donor funding for tried-and-true programmes, several nonprofit organisations interviewed were attempting to fund the expansion of experimental programmes with self-sustaining social businesses. Currently, these business elements make up less than 50 percent of their budgets.

❖ Cambodia’s government is working hard to reform the country’s education system to produce graduates with marketable skill sets, but reform will take time.

The public education system in Cambodia, even at its most elite institutions, is currently inadequate at preparing its graduates with skills relevant to a professional setting. Education is primarily test-driven and favours rote-learning over creative thinking, analysis and problem solving skills. Bribes are also commonplace, and a diploma is by no means an assurance that the student has mastered the knowledge tested. As one corporate professional pointed out, “it’s a past they may or may not have paid for.”

Businesses in Cambodia are often unable to find and retain adequately skilled local personnel to staff their offices. Although there are 78 independent universities in the country, graduates are not always equipped with the skills and competencies needed for the work place. Most firms expend a significant amount of their own resources training the employees in-office, even if there is no guarantee that new hires will stay with the organisation past their initial contract. To avoid costly trainings, organisation continue to fill leadership positions with foreign talent. Cambodians are still largely unable to assume private and social sector leadership positions in their own country.

Cambodia’s secondary school system shows some signs of progress, but these must be tempered with expectations that the problem will not be resolved overnight. Hang Chuon Naron, the newly appointed Minister for Education, recently tightened controls on the high school exit examination in an attempt to combat widespread bribery and cheating. As a result, as many as 70 percent of students failed the 2014 exam. In spite of reform from the top and a strong state-mandated curriculum, the unfortunate reality is that government teachers do not adequately prepared students for the examination. Due to their low salaries, many Cambodian teachers have developed a practice of not teaching during school hours and leaving students to sign up for paid tuitions held after school. In order to improve the quality of education, commentators have suggested that the Cambodian government adopt a

teacher-centric approach, providing salary bonuses and additional training.

❖ *Cambodian civil society organisations are in need of business management training centred on practical experience.*

Although NGOs are increasingly prevalent at all levels of Cambodian society, local NGO personnel often lack key skill sets. Several leaders interviewed from civil society groups complained that NGOs are doing work typically slated for the government, such as providing for educational and health facilities, but that the leaders running these organisations are often untrained and inexperienced. Interviewee examples of much needed training included human resources management, financial management, ethical leadership, mentoring and coaching skills. More emphasis was put on management over leadership skills. According to one community leader interviewed, “Everyone is talking about leadership, but we don’t need leadership skills. We need management skills, especially for middle managers.”

❖ *Cambodia’s infrastructure must play catch up before the country can become a viable business prospect for local entrepreneurs.*

Many young Cambodians educated abroad are returning home to launch their own entrepreneurial ventures, but they often find themselves hamstrung by the absence of basic infrastructure in the country. The rural areas especially lack roads, bridges, irrigation systems and electricity grids. When asked about the number one challenge to starting a business in Phnom Penh, one interviewee replied succinctly: “Electricity. Full stop.”

Interviewees generally felt that rural areas would benefit the most from increased infrastructure development. Investment in technology and learning from others, such as Thai farmers, could bolster the agricultural sector and teach Cambodians how to improve yield as well as package and distribute their products.

❖ *Compared to the nonprofit sector, the bar for business entry seems higher.*

Interviewees from the private sector complained about red tape that prevents them from launching businesses in Cambodia. Laws governing arbitration are incomplete, and legal backing is not always present when disputes arise. According to Transparency International’s Corruption Perceptions Index, Cambodia has one of the most corrupt business practice in ASEAN and is rated 160 out of 175 countries worldwide.²³ Government agencies monitoring businesses often possess faulty governance structures and are involved in practices that generate significant conflicts of interest. For instance, most government officials involved in regulating the private sector are underpaid and supplement their income by demanding bribes and penalties.

Cambodians recently returned from education abroad tend to be the only young people in the country who have the confidence to embark on a business plan, but there are very few institutions that can provide these young entrepreneurs with startup capital. Behind the current trend of successful cafes and restaurant owners are not banks or venture capital funds, but well-resourced families flushed with cash from established industries such as textiles, tourism and agriculture. It is not clear whether these enterprises, such as Brown Coffee Co., are even turning a profit. If Cambodia is unable to open up the business sector to skilled Cambodians eager to found their own business, the country could suffer a brain drain in coming years as its frustrated young people depart for more startup-friendly shores.

²³ *Corruption Perceptions Index 2013* (Berlin: Transparency International, 2013), accessed 22 October 2014, <http://www.transparency.org/cpi2013/results#myAnchor2>.

V. List of Organisations Interviewed

Anglican Diocese Cambodia. Phnom Penh, 18 August 2014.

Ministry of Health, Kingdom of Cambodia. Phnom Penh, 17 August 2014.

Chab Dai. Singapore, 4 September 2014.

Digital Divide Data. Phnom Penh, 19 August 2014.

Far East Broadcasting Company. Phnom Penh, 18 August 2014.

Friends International. Phnom Penh, 18 August 2014.

Genesis Community. Phnom Penh, 18 August 2014.

Genocide Education Project Documentation Center. Phnom Penh, 18 August 2014.

Goel Community. Phnom Penh, 19 August 2014.

Himawari Pte Ltd. Phnom Penh, 18 August 2014.

KPMG. Phnom Penh, 19 August 2014.

Kredit. Singapore, 28 April 2014.

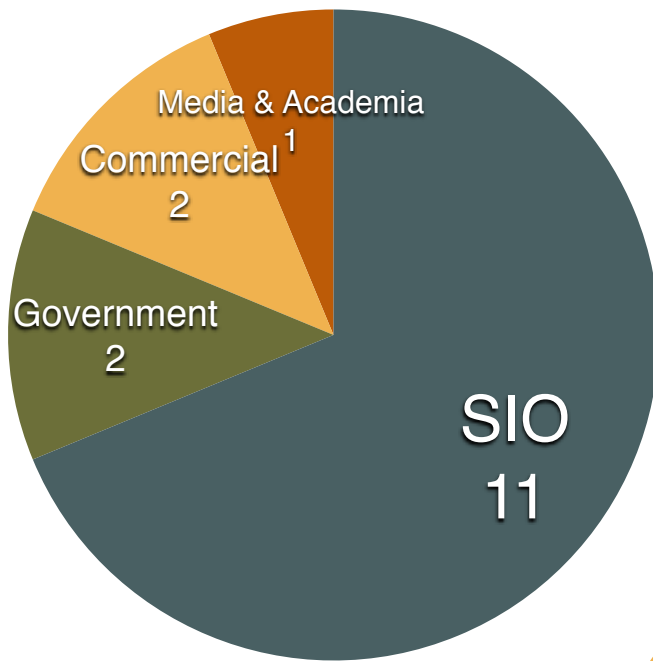
National Assembly of the Kingdom of Cambodia. Phnom Penh, 17 August 2014.

New Life Fellowship. Phnom Penh, 18 August 2014.

Population Services International. Phnom Penh, 19 August 2014.

World Renew. Phnom Penh, 18 August 2014.

ORGANISATIONS BY SECTOR



Total Organisations Interviewed: 16

SIO: 11

Nonprofits: 7

Social Enterprises: 3

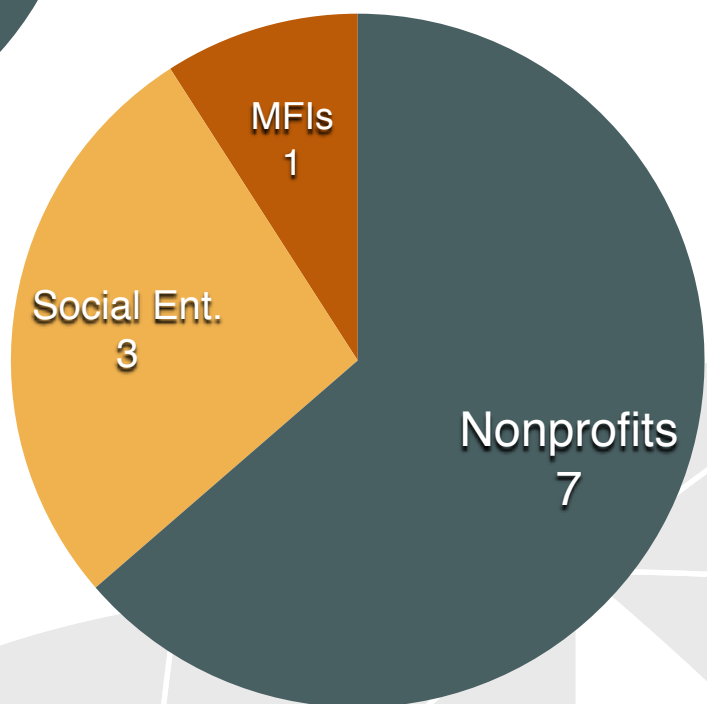
Microcredit Institution (MFI): 1

Government: 2

Commercial: 2

Media & Academia: 1

SIO SUB-SECTORS



VI. Questions for Interviewees

Organisational History

- 1) How and why was your organisation established? Is there a founding story?
- 2) For international organisations – Why did your organisation decide to enter Cambodia?

Operations

- 3) On what projects are you currently working? What would success look like one year from now? Five years from now?
- 4) How successful were your past programmes? What is your organisation doing differently from when it first began operations in Cambodia?
- 5) Do you foresee any upcoming difficulties?
- 6) What does your organisation need to make your programmes more effective?

Strategies

- 7) What are your organisation's goals for the next 3-5 years? How do you plan to meet those goals?
- 8) What factors might jeopardise the success of your overall strategy?

Collaboration

- 9) Were there any difficulties or pitfalls in past collaborations? Have any difficulties surfaced in your current collaborations?
- 10) Have you collaborated with organisations outside your sector? How could such relationships be improved or facilitated?
- 11) Is there any individual or organisation with whom you would like to collaborate but have been unable to do so?

Human Resources

- 12) Do you generally source staff locally or from overseas? Have you had any difficulties finding skilled local staff?
- 13) Which professional skills, if any, do local staff currently lack? What do local staff need to succeed in today's workplace?
- 14) How would you evaluate local educational institutions in preparing future employees? Are there private or foreign institutions attempting to fill any gaps?

Leadership

- 15) What does effective leadership—in business, government or civil society—look like to you?
- 16) What skills and resources do Cambodian leaders need to better serve their society?

- 17) The Institute broadly defines *societal leadership* as “the practice of creating sustainable value and impact for the betterment of society within one’s sphere of influence.” Are there any remarkable individuals in Cambodia whom you would consider a *societal leader*?

Sustainability & CSR

- 18) Does your organisation have any sustainability guidelines? How did you determine your current guidelines?
- 19) Does your organisation engage in any Corporate Social Responsibility (CSR) initiatives? Have you been able to measure the impact of your organisation’s CSR programmes?

Funding (for civic-sector organisations)

- 20) Roughly speaking, how is your organisation currently funded?
- 21) How financially self-sustaining is your organisation at the moment? Do you have any plans to lower dependence on outside funding in the future?

Context

- 22) How does working in Cambodia differ from working in other Southeast Asian countries? What does Cambodia have in common with the rest of the region?
- 23) How do minorities (ethnic, religious, or otherwise) fit into the landscape? Do minorities actively collaborate with the status quo?
- 24) Outside of your own organisation’s scope, what are the key problem areas facing Cambodia?
- 25) How is Cambodia different from five years ago? How do you imagine it will change in the next five years?

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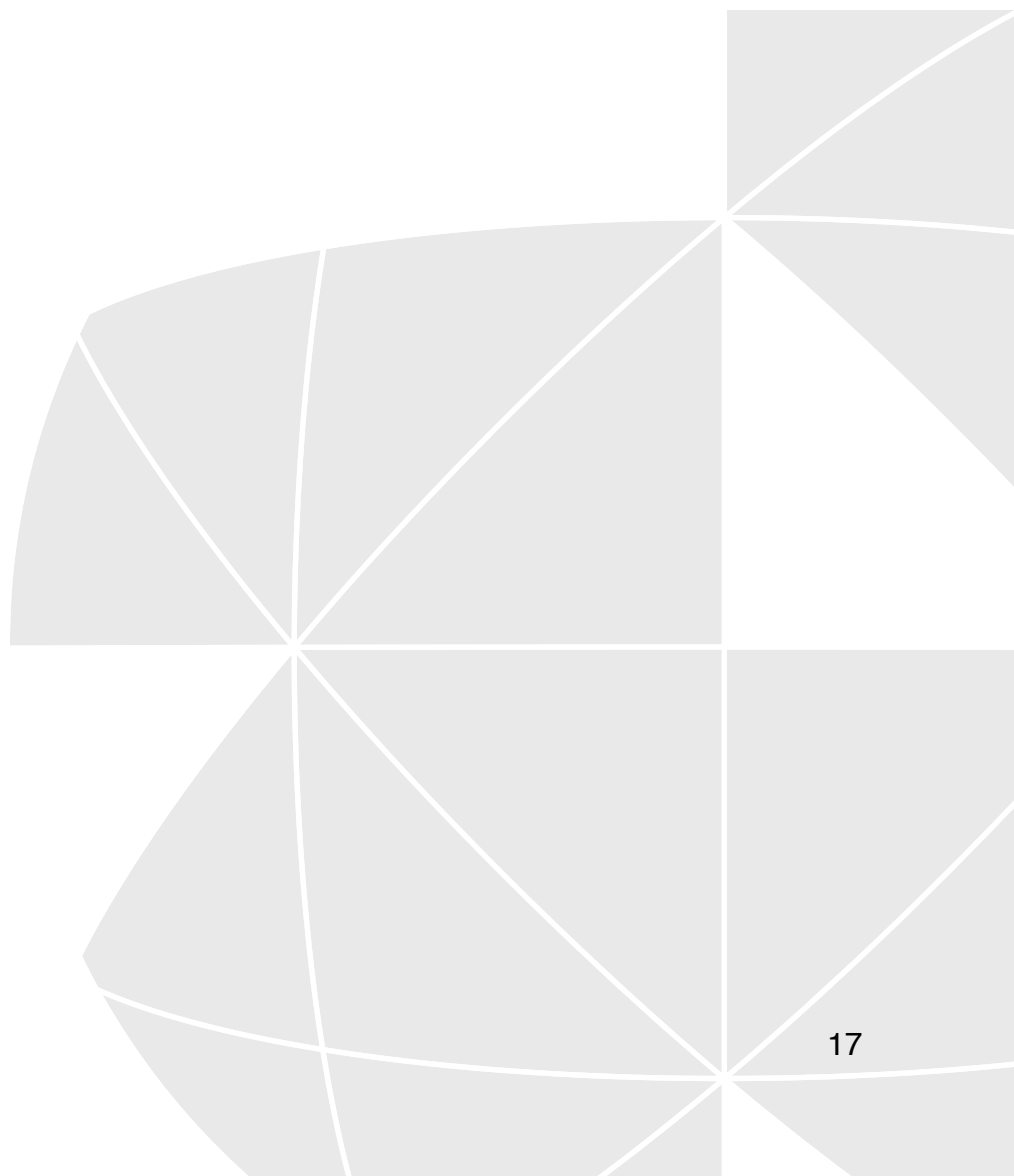
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